

# House File 637 - Introduced

HOUSE FILE \_\_\_\_\_  
BY MAY

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act providing for a tax credit against the individual or  
2 corporate income tax, the franchise tax, insurance premiums  
3 tax, and the moneys and credits tax for a charitable  
4 contribution to certain institutions engaged in regenerative  
5 medicine research and including a retroactive applicability  
6 date provision.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

8 TLSB 2515HH 83

9 tw/mg:sc/14

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1 1 Section 1. NEW SECTION. 422.11X REGENERATIVE MEDICINE  
1 2 RESEARCH TAX CREDIT.

1 3 1. a. The taxes imposed under this division, less the  
1 4 credits allowed under section 422.12, shall be reduced by a  
1 5 regenerative medicine research tax credit.

1 6 b. The credit shall be in an amount equal to twenty  
1 7 percent of a taxpayer's charitable contribution to an eligible  
1 8 research institution located in the state. For purposes of  
1 9 this section, "eligible research institution" means a  
1 10 nonprofit organization exempt from federal income taxation  
1 11 under section 501(c)(3) of the Internal Revenue Code that is  
1 12 engaged in research designed to improve patient care through  
1 13 the development and dissemination of novel clinical therapies  
1 14 for the functional repair and replacement of diseased tissues  
1 15 and organs.

1 16 c. An individual may claim a tax credit under this  
1 17 subsection of a partnership, limited liability company, S  
1 18 corporation, estate, or trust electing to have income taxed  
1 19 directly to the individual. The amount claimed by the  
1 20 individual shall be based upon the pro rata share of the  
1 21 individual's earnings from the partnership, limited liability  
1 22 company, S corporation, estate, or trust.

1 23 d. Any tax credit in excess of the taxpayer's tax  
1 24 liability for the tax year is not refundable, but the taxpayer  
1 25 may elect to have the excess credited to the tax liability for  
1 26 the following four tax years or until depleted, whichever is  
1 27 earlier.

1 28 2. a. To claim a tax credit under this section, the  
1 29 taxpayer shall apply to the department for a tax credit  
1 30 certificate. After verifying the eligibility of a taxpayer  
1 31 for a tax credit pursuant to this section, the department  
1 32 shall issue a tax credit certificate to be attached to the  
1 33 taxpayer's tax return. The tax credit certificate shall be  
1 34 issued based upon the date of the application and shall  
1 35 contain the taxpayer's name, address, tax identification  
2 1 number, the amount of the credit, the certificate expiration  
2 2 date, and any other information required by the department.

2 3 b. To claim a tax credit under this section, a taxpayer  
2 4 must attach one or more tax credit certificates to the  
2 5 taxpayer's tax return. The tax credit certificate or  
2 6 certificates attached to the taxpayer's tax return shall be  
2 7 issued in the taxpayer's name, and the expiration date on the  
2 8 certificate shall be a date that falls on or after the last  
2 9 day of the taxable year for which the taxpayer is claiming the  
2 10 tax credit.

2 11 c. The tax credit certificate, unless otherwise void,  
2 12 shall be accepted by the department as payment toward the tax  
2 13 liability of the taxpayer, subject to any conditions or  
2 14 restrictions placed by the department upon the face of the tax  
2 15 credit certificate and subject to the limitations of this  
2 16 section.

2 17 d. Tax credit certificates issued under this section are  
2 18 not transferable to any person or entity.

2 19 3. A taxpayer taking a deduction in the computation of  
2 20 state taxable income for a charitable contribution to an  
2 21 eligible research institution for regenerative medicine  
2 22 research shall not claim a tax credit pursuant to this  
2 23 section.

2 24 4. The maximum amount of tax credits issued in a fiscal  
2 25 year pursuant to this section, section 422.33, subsection 27,  
2 26 section 422.60, subsection 15, section 432.12M, and section  
2 27 533.329, subsection 2, paragraph "n", shall not exceed ten  
2 28 million dollars.

2 29 Sec. 2. Section 422.33, Code 2009, is amended by adding  
2 30 the following new subsection:

2 31 NEW SUBSECTION. 27. The taxes imposed under this division  
2 32 shall be reduced by a regenerative medicine research tax  
2 33 credit in the same manner, for the same amount, and under the  
2 34 same conditions as provided in section 422.11X.

2 35 Sec. 3. Section 422.60, Code 2009, is amended by adding  
3 1 the following new subsection:

3 2 NEW SUBSECTION. 15. The taxes imposed under this division  
3 3 shall be reduced by a regenerative medicine research tax  
3 4 credit in the same manner, for the same amount, and under the  
3 5 same conditions as provided in section 422.11X.

3 6 Sec. 4. NEW SECTION. 432.12M REGENERATIVE MEDICINE  
3 7 RESEARCH TAX CREDIT.

3 8 The taxes imposed under this chapter shall be reduced by a  
3 9 regenerative medicine research tax credit in the same manner,  
3 10 for the same amount, and under the same conditions as provided  
3 11 in section 422.11X.

3 12 Sec. 5. Section 533.329, subsection 2, Code 2009, is  
3 13 amended by adding the following new paragraph:

3 14 NEW PARAGRAPH. n. The moneys and credits tax imposed  
3 15 under this section shall be reduced by a regenerative medicine  
3 16 research tax credit in the same manner, for the same amount,  
3 17 and under the same conditions as provided in section 422.11X.

3 18 Sec. 6. RETROACTIVE APPLICABILITY. This Act applies  
3 19 retroactively to January 1, 2009, for tax years beginning on  
3 20 or after that date.

#### 3 21 EXPLANATION

3 22 This bill provides a credit against the individual or  
3 23 corporate income tax, the franchise tax, the insurance  
3 24 premiums tax, and the moneys and credits tax for 20 percent of  
3 25 a taxpayer's contribution to a regenerative medicine research  
3 26 institution located in the state. Generally, such  
3 27 contributions are tax deductible under current federal and  
3 28 state law, and taking a deduction for the contribution  
3 29 precludes the taxpayer from claiming the credit.

3 30 The tax credit is not refundable but, at the taxpayer's  
3 31 election, may be credited to the taxpayer's tax liability for  
3 32 up to four subsequent tax years or until depletion, whichever  
3 33 is earlier. The tax credits are not transferable. The  
3 34 maximum amount of tax credits is limited to \$10 million in any  
3 35 one fiscal year. The department of revenue approves the tax

4 1 credits and issues the tax credit certificates to taxpayers.  
4 2 The bill takes effect upon enactment and applies  
4 3 retroactively to January 1, 2009, for tax years beginning on  
4 4 or after that date.

4 5 LSB 2515HH 83

4 6 tw/mg:sc/14